

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

---

BRUCE S. SHERMAN,

Plaintiff,

v.

BEAR STEARNS COMPANIES INC., JAMES CAYNE,  
WARREN SPECTOR and DELOITTE & TOUCHE LLP

Defendants.

---

Index No.: 09 Civ. 8161 (RWS)

**DECLARATION OF JOHN D. FINNERTY, Ph.D.  
IN SUPPORT OF OPPOSITION TO DEFENDANTS' MOTION TO EXCLUDE  
DR. FINNERTY'S REPORT AND TESTIMONY**

HIGHLY CONFIDENTIAL

## Table of Contents

<b>I.</b>	<b>Qualifications and Assignment.....</b>	<b>1</b>
<b>II.</b>	<b>Assignment .....</b>	<b>1</b>
<b>III.</b>	<b>Summary of Opinions .....</b>	<b>2</b>
<b>IV.</b>	<b>Leakage Theory .....</b>	<b>4</b>
A.	General Background .....	4
B.	Leakage Analysis Is Widely Recognized in Academic Literature .....	5
C.	Application of Leakage Analysis to Bear Stearns in This Matter .....	7
<b>V.</b>	<b>Damages Calculation During the Leakage Period .....</b>	<b>10</b>
A.	Classification of Non-Fraud-Related News during the Leakage Period and the Disclosure Dates .....	10
B.	Alternative Damages Calculations .....	16
C.	Inclusion of the Period between March 10, 2008 and March 13, 2008 in the Leakage Period .....	18
<b>VI.</b>	<b>Damages Calculation Methodology .....</b>	<b>22</b>

Pages 1-23  
Attachments and  
Appendices Thereto  
Intentionally Omitted